

Message Text

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TO AMEMBASSY DACCA IMMEDIATE

C O N F I D E N T I A L STATE 238198

EXDIS TOSEC 349

FOLLOWING REPEAT PEKING 1873 SENT ACTION SECSTATE,
OCTOBER 30TH:

QUOTE C O N F I D E N T I A L PEKING 1873

E.O. 11652: GDS

TAGS: PFOR CH

SUBJECT: INITIAL CALL ON VICE MINISTER CH'IAO KUAN-HUA

1. ON THE AFTERNOON OF OCTOBER 29, I PAID MY INITIAL CALL AT THE FOREIGN MINISTRY ON VICE FOREIGN MINISTER CH'IAO KUAN-HUA. ALSO PRESENT ON THE CHINESE SIDE WERE VICE FOREIGN MINISTER WANG HAI-JUNG, AMERICAN AND OCEANIAN AFFAIRS DEPARTMENT DIRECTOR LIN P'ING, AND DEPUTY DIRECTOR TANG WEN-SHENG, U.S. AFFAIRS SECTION CHIEF TING YUAN-HUNG, AMERICAN SECTION DEPUTY DIRECTOR CHAO CHI-HUA AND FUNCTIONARY LIEN CHUNG-PAO, AND ACTING PROTOCOL CHIEF CHU CH'UAN-HSIEN.
2. CH'IAO WAS CURIOUS AS TO WHETHER THERE WERE ANY NEW DEVELOPMENTS IN THE MIZDLE EAST SITUATION AND ON THE PRICE OF OIL. "I HAVE READ PRESS REPORTS," HE SAID, "THAT THE SAUDIS MAY BE WILLING AND ABLE TO LOWER PRICES. IN EUROPE MANY OF OUR FRIENDS ARE BECOMING QUITE
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ANXIOUS. THE FEDERAL REPUBLIC OF GERMANY IS RELATIVELY

BETTER OFF BUT FRANCE IS FEELING THE PINCH. GISCARD D'ESTAING HAS RECENTLY PROPOSED THAT A GROUP OF 10 TO 20 COUNTRIES BE FORMED WHICH WOULD CONSIST OF PRODUCERS, CONSUMERS AND DEVELOPING COUNTRIES. WHAT DOES THE U.S. GOVERNMENT THINK OF THIS PROPOSAL?"

3. I REPLIED TO THE VICE MINISTER'S REMARKS ON THE MIDDLE EAST AND THE OIL PRICE BY DRAWING ON MY GENERAL KNOWLEDGE OF THE SUBJECT, SAYING I HAD NOT RECEIVED A SPECIFIC REPORT OR INSTRUCTIONS ON THE INDIVIDUAL QUESTIONS HE HAD RAISED. I ASSURED HIM THAT THE QUESTION OF MID-EAST OIL WAS AN IMPORTANT ONE TO THE U.S. GOVERNMENT AND WAS RECEIVING PRIORITY ATTENTION. I REMARKED THAT I WAS SURPRISED AFRICAN DEVELOPING NATIONS HAD NOT COMPLAINED MORE LOUDLY ABOUT HIGH OIL PRICES AND WONDERED IF THE THIRD WORLD MIGHT NOT EVENTUALLY SPLIT INTO THE THIRD AND FOURTH WORLDS SINCE THERE WERE SUCH GREAT DIFFERENCES IN THEIR INTERESTS.

4. "IN PRIVATE CONTACTS WITH SOME AFRICAN COUNTRIES AT THE UNITED NATIONS," REPLIED CH'IAO, "I HAVE HEARD EXPRESSIONS OF CONCERN ABOUT HIGH OIL PRICES. IF THESE NATIONS HAVE NOT COMPLAINED IN PUBLIC, IT IS PERHAPS BECAUSE OF THEIR DESIRE TO MAINTAIN THIRD WORLD SOLIDARITY. BUT WE HOPE THAT THE PRODUCING NATIONS ARE ABLE THROUGH NEGOTIATIONS TO REACH A REASONABLE SETTLEMENT WITH THE VARIOUS CONSUMING NATIONS. DO YOU BELIEVE THAT OIL PRICES MIGHT GO UP STILL HIGHER? AND, ARE THE AUSTERITY MEASURES RECENTLY ADOPTED BY THE U.S. GOVERNMENT PROVING EFFECTIVE?"

5. "AS FOR PRICES," I REPLIED, "WE FEEL THAT THEY WILL COME DOWN, BUT THE TIMING WILL DEPEND TO SOME DEGREE ON POLITICAL QUESTIONS. AS FOR AUSTERITY MEASURES, WE HAVE NOT YET TAKEN ANY DRASTIC ACTION BUT PRES. FORD IS VERY SERIOUS AND I BELIEVE THAT MORE POSITIVE MEASURES MAY BE POSSIBLE AND WILL UNDOUBTEDLY BE MADE AFTER THE NOVEMBER 5 ELECTION IN BOTH INCREASING OUR OWN SUPPLY AND DECREASING IMPORTS."

6. AT THIS POINT THERE ENSUED PREDICTABLE EXCHANGE
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CONCERNING PLO REPRESENTATION IN THE UNITED NATIONS, AT THE CONCLUSION OF WHICH CH'IAO TURNED TO THE SUBJECT OF DR. KISSINGER'S UPCOMING VISIT TO PEKING.

7. "I STRONGLY BELIEVE," I REPLIED, "THAT THE RELATIONSHIP BETWEEN THE UNITED STATES AND CHINA WHICH HAS BEEN WORKED OUT FOR THE LAST SEVERAL YEARS STILL ENJOYS VERY WIDE SUPPORT IN THE UNITED STATES. SOME PEOPLE, EVEN

INCLUDING SEVERAL AMBASSADORS WITH WHOM I HAVE SPOKEN
HERE IN PEKING, I BELIEVE THAT THE RELATIONSHIP HAS 'LEVELED
OFF'. I MYSELF DO NOT BELIEVE THIS, BUT I HOPE THAT
SECRETARY KISSINGER'S MEETINGS WITH CHINESE LEADERS IN
PEKING NEXT MONTH MAY SHOW SOME PROGRESS IN OUR RELATIONSHIP.
IT IS POSSIBLE THAT AFTER THE SHANGHAI COMMUNIQUE
THERE WAS RAISED IN SOME PEOPLE'S MINDS AN UNREALISTIC
EXPECTATION OF INSTANT PROGRESS. BUT I WOULD NOT BE
HERE, I SAID, UNLESS I THOUGHT THAT OUR RELATIONSHIP WAS
SOLIDLY FOUNDED AND WOULD GO FORWARD IN THE FUTURE."

8. CH'IAO REPLIED, "AWHILE BACK SOME DIPLOMATS
ASKED ME IF OUR RELATIONSHIP WITH THE U.S. WAS DETERIORATING
BUT RECENTLY NONE HAVE ASKED THIS. MANY PEOPLE DO NOT
UNDERSTAND OUR RELATIONSHIP. CHAIRMAN MAO HAS DISCUSSED
THIS WITH SECRETARY KISSINGER AND AGREED THAT OUR
COMMON VIEWS ON MAJOR ISSUES OUTWEIGH WHATEVER DIFFICULTIES
THERE MAY BE. OF COURSE, THERE ARE SOME PEOPLE IN
DIPLOMATIC CIRCLES IN PEKING WHO WANT TO SEE A WORSENING
IN OUR MUTUAL RELATIONS."

9. CH'IAO NEXT RAISED THE SUBJECT OF JAPAN, SAYING THAT
SECRETARY KISSINGER
WILL BE GOING THERE BEFORE HIS VISIT
TO PRC. HE WONDERED IF I HAD ANY IDEAS ABOUT REPORTS
HE HAD HEARD THAT PRIME MINISTER TANAKA WAS MEETING WITH
DIFFICULTIES. I REPLIED THAT I KNEW LITTLE ABOUT THIS
SUBJECT, BUT FELT CERTAIN THE PRESIDENT'S VISIT WOULD TAKE
PLACE AS SCHEDULED. CH'IAO AGREED, STATING THE PRESIDENT'S
VISIT WOULD HELP TANAKA.

10. I INQUIRED OF THE VICE MINISTER WHETHER THERE HAD
BEEN ANY CHANGE IN THE CHINESE POSITION ON KOREA OR
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CAMBODIA SINCE WE HAD LAST SEEN ONE ANOTHER IN NEW YORK.
CH'IAO REPLIED VERY BRIEFLY THAT THERE HAD BEEN NO BASIC
CHANGE.

11. THIS WAS THE SUBSTANCE OF OUR CONVERSATION ASIDE
FROM A FEW PLEASANTRIES ABOUT MY FAMILY, CHINESE LESSONS
AND OUR RECENT NEW YORK MEETING.

12. IN CONTRAST TO VICE MINISTER YU CHAN YESTERDAY,
CH'IAO CONDUCTED THE ENTIRE CONVERSATION HIMSELF. THE
MEETING, ATTENDED BY ANDERSON AND MCKINLEY IN ADDITION
TO MYSELF ON THE AMERICAN SIDE, WAS FRIENDLY AND RELAXED.
CH'IAO WAS HIS NORMAL ENGAGING SELF, THOUGH HE DID SEEM
SERIOUSLY BENT ON PROBING THE MID-EAST AND OIL QUESTIONS.
AT THE CONCLUSION OF OUR CALL, ACTING PROTOCOL CHIEF

CHU CH'UAN-HSIEN, IN ESCORTING US TO THE DOOR, ANNOUNCED
THAT CH'IAO AND WANG HAI-JUNG WOULD HOLD A BANQUET EVENING
NOVEMBER 1 IN HONOR OF OUR ARRIVAL.

13. SINCE CH'IAO IS CLEARLY INTERESTED IN DISCUSSING THE
MID-EAST AND OIL PRICES, I WOULD APPRECIATE RECEIVING
WHATEVER GUIDANCE THE DEPARTMENT MAY BE ABLE TO PROVIDE
ME ON THE CURRENT STATE OF PLAY BOTH ON MID-EAST IN
GENERAL AND OIL IN PARTICULAR. I WOULD APPRECIATE
RECEIVING REPLY BEFORE I SEE CH'IAO ON NOVEMBER 1.
BUSH

UNQUOTE INGERSOLL

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